

# *Kellogg's* ECONOMIC PROSPECTUS PROJECT

Created by Felicia Tzeng, Amy Yang Emma  
Nguyen, Justin Chu, Anand Kainth, Vanessa  
Alvarez, Eric Ye





# Product Lineup

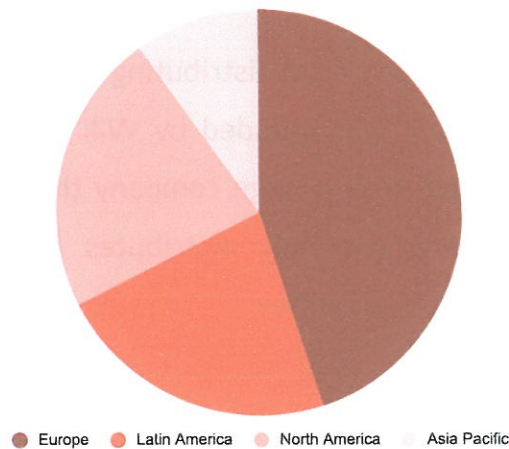
---

## Introduction

Kellogg's is an American multinational food distributing company headquartered in Battle Creek, Michigan, United States. It was founded by Will Keith Kellogg in 1906 and its current CEO is Steve Cahillane. It is a large company that has come to own over 23 different brands. The company generally distributes breakfast products and has everything from cereal to pop tarts to waffles.

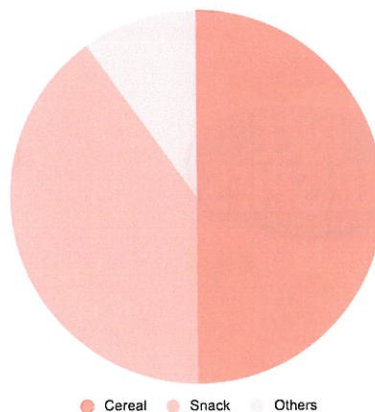


## What countries does Kelloggs generally distribute to?



Today, Kelloggs manufactures its products in 18 countries and sold in more than 180 countries. Its products are mainly distributed in Europe.

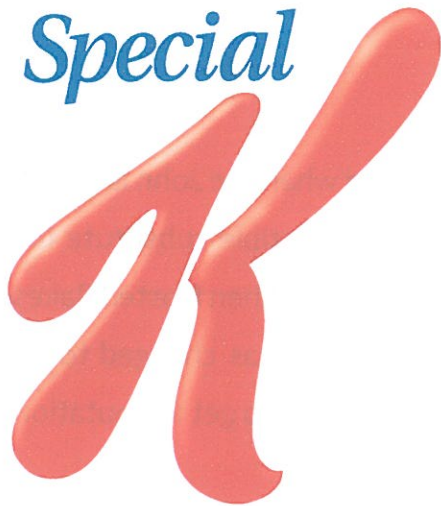
## From what products do Kellogg's gain the most profit?



Kelloggs manufactures cereals, snacks, frozen goods, and various other products. Kelloggs' most popular products are cereals and their most popular cereal is frosted flakes.

# Here are some of Kellogg's most popular products!

## Cereals



Special K is a type of protein breakfast cereal and meal bars and is marketed primarily as a low-fat cereal that can be eaten to help one lose weight. It is made from grains like lightly toasted rice, wheat, and barley. Special K got its name after the daughter of one of the researchers in the Kellogg's food kitchen who was named Kathleen. Many of the general public still thinks that the K stands for the company name, but as we know, every product has its own story.

Froot Loops is a brand of sweetened, fruit-flavored breakfast cereal. It is ring-shaped (hence the name "loops") and comes in bright colors and a variety of fruit flavors (hence the name "froot"). When the product was first released in 1959, **Froot Loops** was actually called **Fruit Loops** and was changed to its current spelling in

1963. The Froot Loops mascot Toucan Sam also made his debut in 1963. While Froot Loops contain an array of vitamins and minerals in addition to somewhat healthy grains, it is also drenched in sugar in hydrogenated vegetable oil. Nevertheless, Froot Loops has been and is a very popular cereal.





Frosted flakes consist of sugar-coated corn flakes. It was invented when the John and Will Kelloggs were experimenting with wheat and trying to make a digestible substitute for bread when they accidentally left a batch soaking in water overnight. When frosted flakes were just invented, it was called Sugar Frosted Flakes, which later was changed to be called Kellogg's Frosted Flakes because sugar during that time started to get a reputation for being unhealthy and leading to obesity.

## Other Breakfast Products



Eggo is a brand of frozen waffles. Several varieties are available, including homestyle, miniature, blueberry, strawberry, vanilla bliss, brown sugar cinnamon, apple cinnamon, buttermilk, chocolate chip, and Thick And Fluffy. In 1953, it was invented by three brothers, Anthony, Sam, and Frank Dorsa, who'd previously been known for their mayo business that took off in the 1930s. It is highly recommended not to eat them frozen.



When Jeff Culbertson was working at Kellogg's, his bosses asked him to develop a portable healthy breakfast food, so he invented the Nutri-grain bar. In Australia, New Zealand, and South Africa, Nutri-Grain is made from corn, oats, and wheat. These bars are originally cereal bars, but now they are made with real fruit and whole grains from Kellogg's breakfast experts.

## Snacks



Pop-Tarts was originally created without frosting on the outside, however, when the company found out the frosting will withstand the toaster, the company decided to add it to the pastry. The original flavors are strawberry, blueberry, brown sugar cinnamon, and apple currant. Pop-Tarts product was originally called "fruit scones" but was later changed to "Pop-Tarts" from the influence of Andy Warhol's Pop-Art in the 1960s which caused the pastry's popularity to start.

Pringles is a brand of potato and wheat-based stackable snack chips. The snack was originally developed by Procter & Gamble (P&G), who first sold the product in 1967, which created the stackable chips product category. Procter & Gamble chose the



Pringles name from a Cincinnati telephone book because the sound of its name was pleasing. Procter wanted to create a perfect chip to address consumer complaints about broken and stale chips and air in the bags. The brand was sold to Kellogg's in 2012.

# Key Competitors

## KELLOGG'S STATISTICS FOR COMPARISON

### OVERVIEW

As of September 2019, Kellogg's has a 13.61 billion dollar revenue and a net income was 731 million dollars, generated by approximately 33,000 employees. Below are graphs detailing Kellogg's revenue and net income over the past five years.

Kellogg Net Income (TTM): 731.00M for Sept. 30, 2019

View 4,000+ financial data types

Search

Add

Browse...

Net Income (TTM) Chart

View Full Chart

1d 5d 1m 3m 6m YTD 1y 5y 10y Max

Export Data Save Image Print Image

For advanced charting view our full-featured Fundamental Chart



Historical Net Income (TTM) Data

### Kellogg's Net Income (2019)

Kellogg Revenue (TTM): 13.67B for Sept. 30, 2019

View 4,000+ financial data types

Search

Add

Browse...

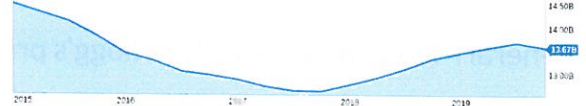
Revenue (TTM) Chart

View Full Chart

1d 5d 1m 3m 6m YTD 1y 5y 10y Max

Export Data Save Image Print Image

For advanced charting view our full-featured Fundamental Chart



Historical Revenue (TTM) Data

## General Mills



General Mills is an American food manufacturer based in Golden Valley Minnesota with 40,000 employees. As of September 2019, it had a net income of 1.881 billion dollars and a net revenue of 16.77 billion dollars. In comparison to Kellogg's whose net income and revenue have been slowly decreasing, the opposite has occurred for General Mills products, perhaps suggesting that customers favor General Mills products. Its origins can be traced to Minneapolis Milling

Company, incorporation in 1865 and merged with Washburn-Crosby Company in 1877.

General Mills was created when Washburn-Crosby merged with 28 other mills in 1928.

# General Mills Revenue and Net Income Charts

General Mills Revenue (TTM): **16.77B** for Aug. 31, 2019

View 4,000+ financial data types

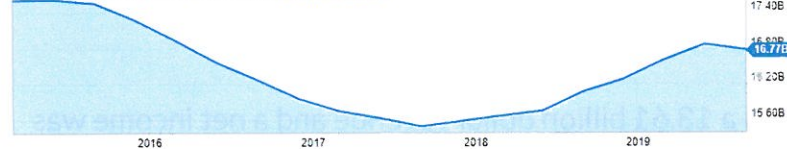
Revenue (TTM) Chart

[View Full Chart](#)

1d 5d 1m 3m 6m YTD 1y 5y 10y Max

[Export Data](#) [Save Image](#) [Print Image](#)

For advanced charting view our full-featured [Fundamental Chart](#)



Historical Revenue (TTM) Data

General Mills Revenue (2019)

General Mills Net Income (TTM): **1.881B** for Aug. 31, 2019

View 4,000+ financial data types

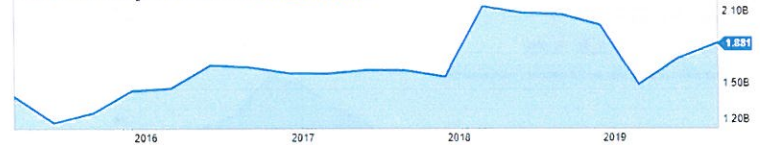
Net Income (TTM) Chart

[View Full Chart](#)

1d 5d 1m 3m 6m YTD 1y 5y 10y Max

[Export Data](#) [Save Image](#) [Print Image](#)

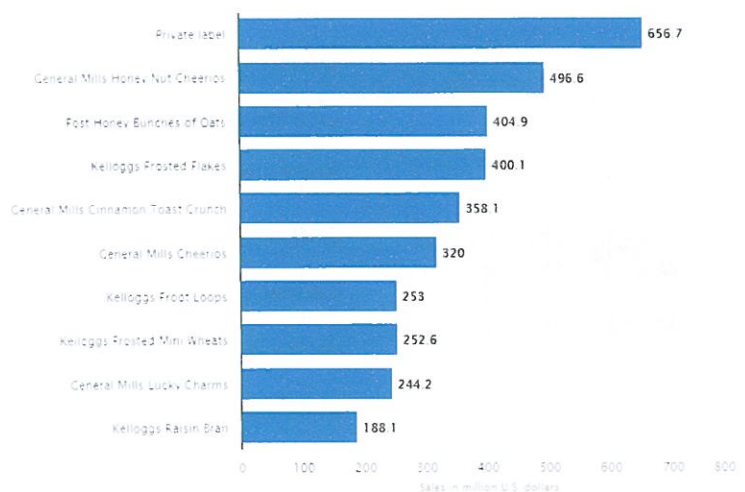
For advanced charting view our full-featured [Fundamental Chart](#)



Historical Net Income (TTM) Data

General Mills Net Income (2019)

General Mills competes with Kellogg's primarily with their cereal products. General Mills manufactures Wheaties, Cinnamon Toast Crunch, Cheerios, and Lucky Charms, all brands that directly compete with Kellogg's cereals. According to the graphic, Honey Nut Cheerios has the second-highest sales in the cereal industry at 426.6 million dollars, while Frosted Flakes had the fourth highest at 400.1 million dollars. Several other of each company's products make it onto the list such as Cinnamon Toast Crunch, Cheerios, and Froot Loops.



Another set of products manufactured by General Mills that compete with Kellogg's products are protein and cereal bars. General Mills was the first company to create the cereal bar in 1975 with the introduction of the Nature Valley Granola Bar. In addition to the Nature Valley Brand, Cascadian Farms compete with Kellogg's Nutri-Grain bars. General Mills is



also the manufacturer of several snack brands such as Bugles and Chex Mix, snack shelf favorites that compare with Kellogg's Pringles. They have several cheese-based products through Annie's which match with Kellogg's cracker and cheese sandwiches from Austin's and Cheez-its.

In this past summer, they have expanded their selection of granola bars, with new Larabar protein bars and General Mills has also released a blueberry flavored Cheerio brand that aligns with Kellogg's Froot Loops.



## Mondelez International

Formerly Kraft Foods before the company split apart it's grocery and manufactured products in 2012, Mondelez International is an Illinois based manufacturing company. It has a net revenue of 25.73 billion dollars, a net income of 3.667 billion dollars and 80,000 employees. Its sub-companies include Cadbury, Toblerone, Nabisco, LU and Trident among others.

Mondelez International Net Income (TTM): 3.967B for Sept. 30, 2019

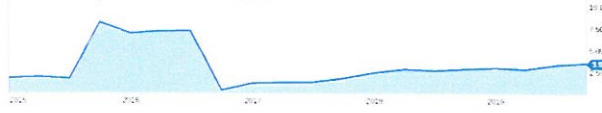
View 4,000+ financial data types

Search Add Browse

Net Income (TTM) Chart

1d 5d 1m 3m 6m YTD 1y 5y 10y Max

For advanced charting, view our full-featured Fundamental Chart



Historical Net Income (TTM) Data

Mondelez International Revenue (TTM): 25.73B for Sept. 30, 2019

View 4,000+ financial data types

Search Add Browse

Revenue (TTM) Chart

1d 5d 1m 3m 6m YTD 1y 5y 10y Max

For advanced charting, view our full-featured Fundamental Chart



Historical Revenue (TTM) Data

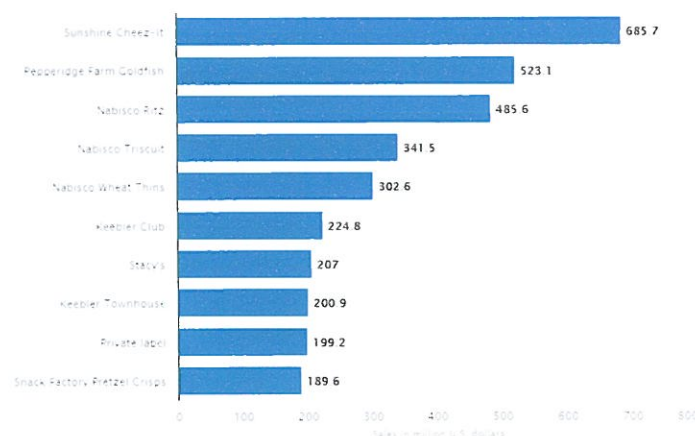
Net Income & Revenue Charts (2019)

Mondelez International produces cookies loved by young children such as Oreos, Chips Ahoy, Nutter Butter and Nilla Wafers that compete with Kellogg's Pop-Tarts. They also manufacture several types of gum and candy such as Sourpatch Kids, Halls and Trident. In 2009, they bought out the English Confectionery company Cadbury and now their products include Cadbury chocolates and novelty items such as Kinder Eggs and Cadbury Cremes.



It also is the manufacturer of Belvita, a cereal bar that is designed to serve as a breakfast bar that is packed with carbohydrates and indirectly competes with Kellogg's cereal brands and directly competes with Nutrigrain and Eggo Waffles. They also make several types of crackers such as Ritz and Wheat thins, Premium, and Triscuit. All their crackers provide an alternative option to Kellogg's chip brands. In the graphic below Cheez-Its, a subsidiary of Kellogg's is the highest-selling cracker brand in 2017 at 681.7 billion dollars, above Wheat Thins, Ritz and Triscuit respectively.

**Sales of the leading cracker brands of the United States in 2017 (millions USD)**



# Quaker Oats (Pepsico)

Quaker Oats, a subsidiary of Pepsico was founded in 1877 and bought by Pepsico in 2001. In 1901 the Quaker Mill was merged with four other mills to officially become the company it is today. As of September 2019, it's revenue is 66.04 billion dollars and its net income is 12.04 billion dollars. The Quaker Oats Company has approximately 3,000 employees.



## Quaker Oats Revenue and Net Income Charts

PepsiCo Revenue (TTM): 66.04B for Sept. 30, 2019

View 4,000+ financial data types

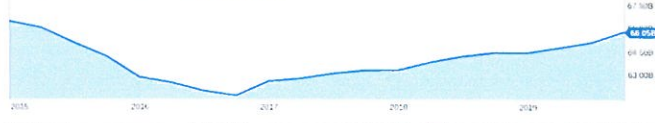
Search Add Browse...

Revenue (TTM) Chart

1d 5d 1m 3m 6m YTD 1y 5y 10y Max

Export Data Save Image Print Image

For advanced charting, view our full-featured Fundamental Chart



Historical Revenue (TTM) Data

### Quaker Oats Revenue (2019)

PepsiCo Net Income (TTM): 12.40B for Sept. 30, 2019

View 4,000+ financial data types

Search Add Browse...

Net Income (TTM) Chart

1d 5d 1m 3m 6m YTD 1y 5y 10y Max

Export Data Save Image Print Image

For advanced charting, view our full-featured Fundamental Chart



Historical Net Income (TTM) Data

### Quaker Oats Net Income (2019)

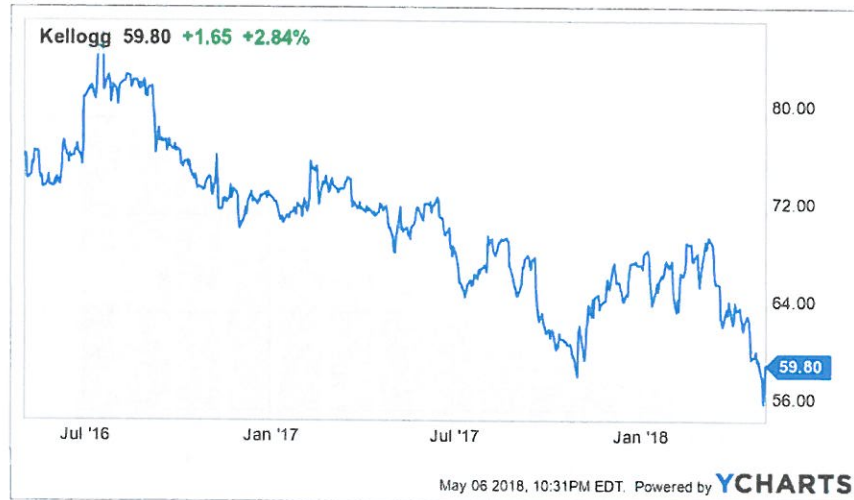
Quaker Oats produces several products

that compete with Kellogg's on the breakfast food market. The most common of which is the hot oatmeal products and the cereals. Quaker Oats produces quick oats, oatmeal with various types of fruit, rolled oats, flavored oats and oat bran. In 2014, they released Instant Steel Cut oatmeal and Real Medley Super Grain to answer the demands for healthier products. They also make several different types of cereal such as Life, Corn Crunch, and Multigrain Flakes. Both types of products are direct competitors with Kellogg's Cereals, especially it's healthier brands. Quaker Oats also produces its own granola bars with various toppings and is comparable to Nutrigrain Bars. It's rice crackers and rice cakes provide competitive alternatives to healthier potato chips.

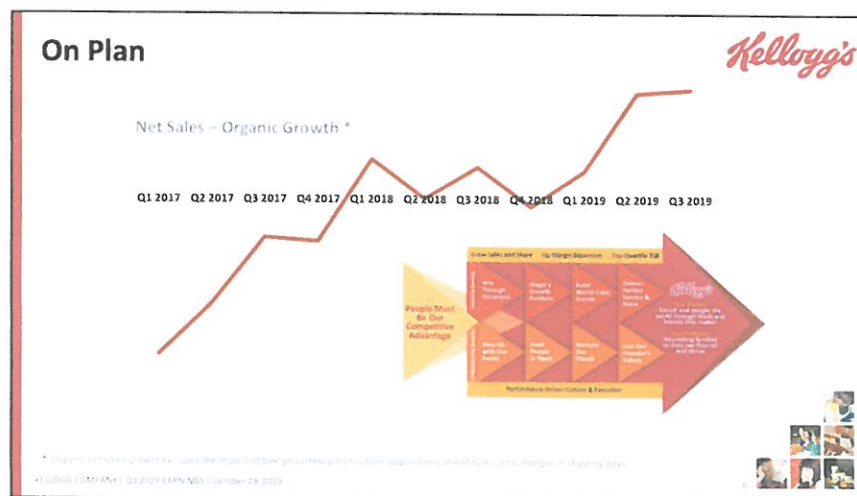


# Industry Analysis & Forecast

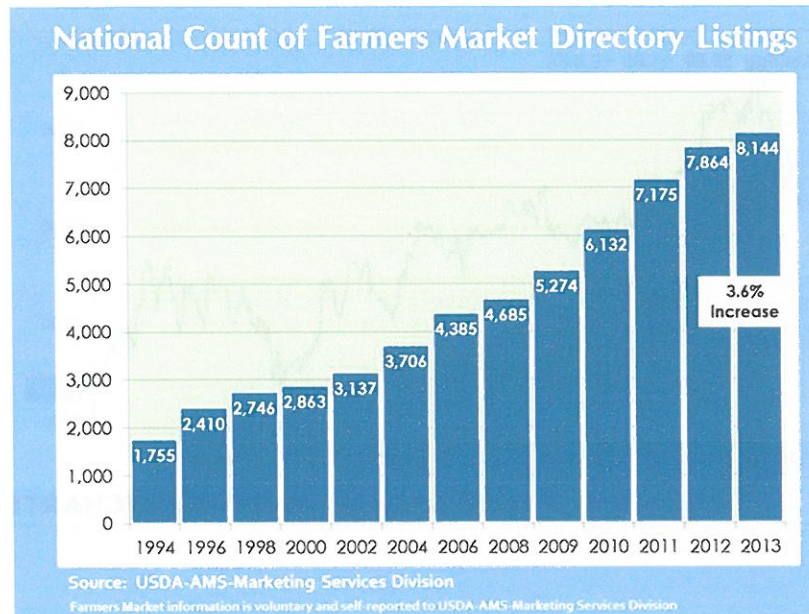
## INDUSTRY ANALYSIS



According to this graphic, Kellogg's sales slightly increased in mid-2016. However, from the end of 2016 Kellogg's' sales fell until the end of 2017. Although there was a relapse of growth between the end of 2017 and early 2018, the sales still fell further.

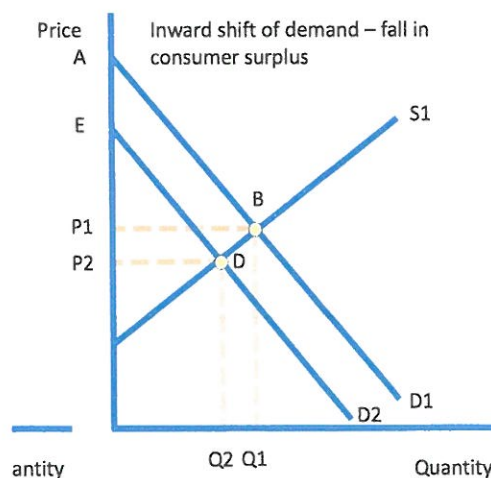


Kellogg's reported sales for that quarter fell by 3%. However, after adjustment for exchange rate movements and brand sales, it had a growth rate of only 2%. Although the company's performance was not high, the results marked the company's third consecutive accelerate growth from its 1% organic revenue decline and the rebound in the fourth quarter of 2018.



According to statistics from the United States Department of Agriculture, Between 1994 to 2013, the number of registered farmers markets has increased by 8% per year. And even though the past year showed much slower growth, this number doesn't represent the number of vendors attending specific farmer's markets, which can increase dramatically over time. This move was bad for Kellogg's because it decreases the number of farmers that will sell their products to the company. Farmer's markets will get more profit than sales to the companies.

### Supply & Demand Shift



As living standards improve, people take more care about what they eat and value whether the food is healthy or not. The typical American breakfast is eggs pancakes with syrup or some high-calorie food. At the same time, the farmers market increases by 3.6% a year that means people want to eat healthy food and that they won't purchase the company's products as people aren't going to grocery stores as much anymore. So the demand for Kellogg's demand will decline.

## Industry Forecasting

### Kellogg Co.



Given the recent trend in consumer tastes and growing health-awareness, the packaged foods industry is beginning to look bleak for companies that have historically sold foodstuffs high in sugar or calories. In order to stay competitive in a market where small businesses that sell healthy snacks and foods are becoming more common, these large corporations will need to soon follow suit, either by replacing current ingredients with healthy alternatives or creating new products that emphasize being healthy.

### General Mills Inc.



Some companies that have begun adopting this healthier eating strategy are the Kellogg Company, General Mills Incorporated, and PepsiCo Inc. Although this shift in supply has resulted in increased production costs and subsequent retail prices, consumers are also more willing to pay a premium for healthier products. As a result, all of the aforementioned companies have managed to sustain growth in their share prices this last year.

## PepsiCo Inc.

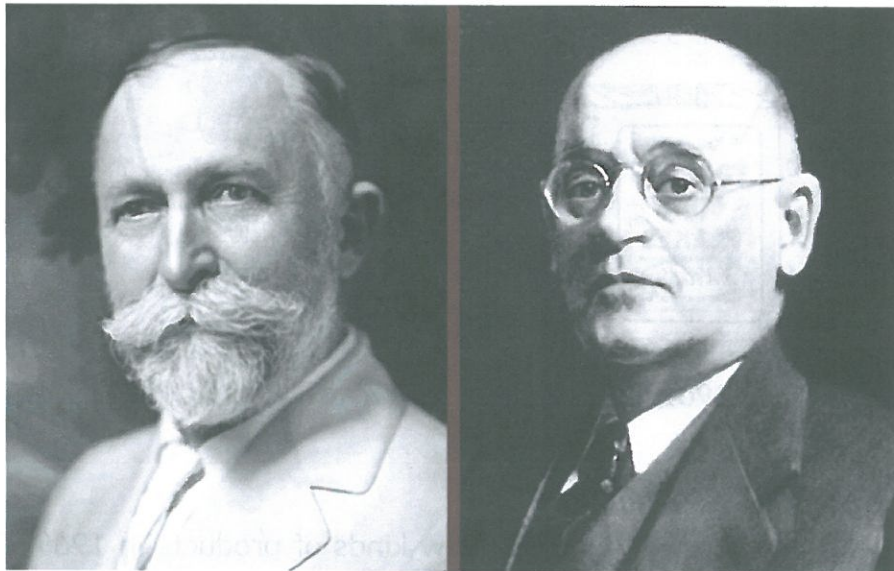
[ADD TO WATCHLIST](#)[CREATE PEP ALERT](#)

# History of Kellogg's

---

## Introduction

The Kellogg Company is a company that manufactures food including cereal, cereal bars, crackers, and toaster pastries. They got their start in 1898 when brothers Dr. John H Kellogg and W.K. Kellogg began making a breakfast meal in the form of flakes made of grain through an experiment gone wrong. They had originally been trying to make granola. John, the superintendent of the Battle Creek Sanitarium, and W.K., the bookkeeper, were working on a recipe for a wheat-based granola. Instead, they ended up with thin flakes made of wheat. This accident led to the creation of the Kellogg Toasted Corn Flakes Company. At the time the company was known as Sanitas Food Company. Sanitas Food became the Kellogg Toasted Corn Flakes Company in 1906 when W.K. Kellogg bought out the business after a falling out with his brother over where they planned to sell their new creation.



The Kellogg's Brothers

After this incident the company rebranded as the Battle Creek Toasted Corn Flak Company in 1906. They rebranded again in 1909 as the Kellogg's Toasted Corn Flake Company. In 1914, the business expanded and began selling in Canada as well. The company's cereal was widely successful and the business thrived. During the early 1930s, they supported workers in need during the Great Depression by shortening their work weeks to 30 hours, thus employing more people. This practice continued for years. Kellogg's continued this generosity into the next decade, where they produced rations for U.S. armed forces at war overseas.

THE SUN, WEDNESDAY, JUNE 26, 1907.

**Stop Winking**

Winking here is past.  
 Its important success has been accomplished.  
 It has conquered the public with the genuine goodness  
 of Kellogg's Toasted Corn Flakes.  
 It has fascinated everybody with the package and the  
 name - Kellogg's.  
 Now the doors are talking so.  
 Everybody who tried the most delicious of all breakfast  
 foods, winks more. This is the admirable result of the  
 first taste.

It's the flavor that won the favor. And it's the universal  
 favor - the wonderful popularity - the insatiable suc-  
 cess of Kellogg's Toasted Corn Flakes, that brought the  
 winking.

But they imitate in name only. The taste - the dairy  
 crispness - the real goodness of the genuine cannot be  
 reproduced.

So keep both eyes open. Remember the name and the  
 package. When you want the real Toasted Corn Flakes,  
 and you always want it when you want the real flavor,  
 ask for and insist on getting

**Kellogg's  
 TOASTED  
 CORN FLAKES**

Look for  
 This Signature

*W.K. Kellogg*

TOASTED CORN FLAKE CO., Battle Creek, Mich.

1907 Kellogg's Toasted Corn Flakes Ad


They started to branch out and release new kinds of products in 1969. This included products like desserts, tea, soups, sauces, etc. During this time they also provided food for astronauts Neil Armstrong, Buzz Aldrin, and Michael Collins on their Apollo 11 space mission to the moon. By 1977 they had obtained other smaller companies like Eggo,

Salada Foods, Fearn International, Mrs. Smith's Pies, and Pure Packed Foods. Their future looked dim in 1983 when an analyst from the Wall Street said that the cereal industry was "mature" and that the Kellogg's company had peaked. They proved this critic wrong when they were able to increase sales by shifting marketing strategies. They went about this by increasing the amount of advertising aimed at adults rather than children. By doing this they were able to increase sales by 26% higher than 5 years prior. Their Wall Street critic's predictions were proved very false as by 1988 the company was worth \$5.4 billion. By this time Kellogg's had began selling their new products like their Nutri-Grain Biscuits, all while maintaining better sales than their competitors: Post and General Mills. By 2001 they had gained ownership over the Keebler Company for \$3.87 billion as well as companies like Kashi divisions and Morningstar Farms.

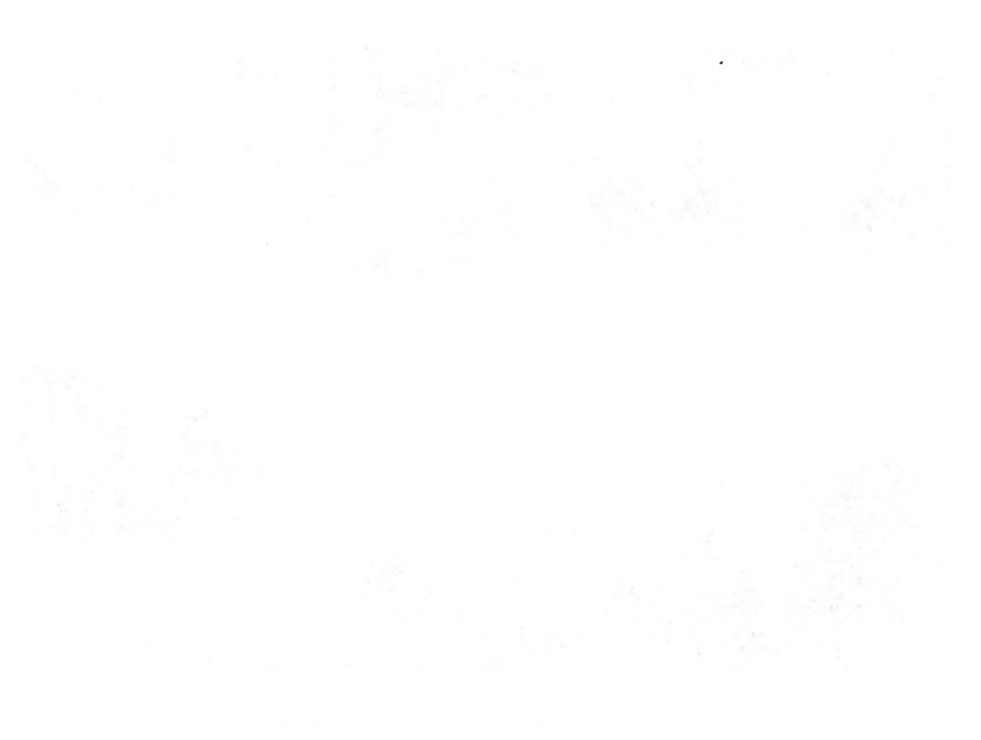


**Modern day Kellogg's Factory**

With the best interest of their consumers mind, they increased the amount of fiber in their products in 2009 soon after discovering that most people in the United States do not consume enough fiber. In 2018, Kellogg's owned many Different brands including, but not limited to, Cheez-It, the Bear Naked, Murray, Austin cookies and Famous Amos, Gardenburger. In recent years the company has continued to grow. By 2012 Kellogg's



had acquired ownership of Pringles and became the second largest snack food company worldwide. On July 29, 2019 they announced that they had sold Famous Amos, Murray's, Keebler, Little Brownie Bakers for over \$1 billion. The past few years has had its fair share of controversies as well. Kellogg's had to recall their Honey Smacks cereal after a salmonella break. In early 2019 an employee was sentenced to federal prison after urinating on a conveyor belt in a Kellogg's factory.



# ***CNBC: Recalled Kellogg's Cereal, Linked to Salmonella Outbreak, is Still Being Sold in Stores***

*Amelia Lucas*

"The Food and Drug Administration announced Thursday that recalled Kellogg's Honey Smacks cereal is still being sold at retail outlets despite a voluntary recall last month.

Honey Smacks has been linked to 100 salmonella infections in 33 states, according to a Centers for Disease Control and Prevention update from Thursday. Thirty people have been hospitalized.

Kellogg's voluntarily recalled the cereal on June 14, but the FDA said that it has become aware that some retailers are selling the product almost a month after the recall.

"Retailers cannot legally offer the cereal for sale and consumers should not purchase Kellogg's Honey Smacks cereal," the FDA said in the press release.

The most recent case reported that symptoms began July 2.

Both the CDC and the FDA told retailers that they should not sell or serve recalled Honey Smacks and warned consumers not to buy the cereal in stores and to discard any boxes of Honey Smacks they have at home.

FDA investigators found that a third-party Honey Smacks manufacturing facility was responsible for the outbreak. The facility was no longer producing the cereal as of Thursday, the FDA said in its Thursday update.

'We continue to work with the FDA and the third-party manufacturer to determine how this happened to ensure it doesn't happen again,' said a spokesperson from Kellogg's in an email to CNBC. 'Kellogg is asking that people who purchased potentially affected product discard it and contact the company for a full refund.'

# ***Business Insider: A man who urinated on a Kellogg cereal conveyor belt has been sentenced to 10 months in prison, but it reveals an even more disturbing reality plaguing workers***

*Kate Taylor*

A Memphis man has been sentenced to 10 months in federal prison after pleading guilty to urinating on a conveyor belt at a Kellogg factory. And, the incident has a darker and more complex history than many realize. On Wednesday, the Department of Justice for the Western District of Tennessee announced that Gregory Stanton had been sentenced to 10 months in federal prison and ordered to pay \$10,000 in restitution.

In 2014, Stanton filmed himself urinating on a Kellogg cereal conveyor belt at a facility in Memphis, Tennessee.

Two years later, in 2016, Stanton posted the video of himself urinating on the cereal line, which was uploaded to WorldStarHipHop.com. Kellogg only learned of the incident after the video was uploaded.

"It has been more than two years since this incident came to our attention, and we are pleased that the responsible individual was brought to justice," a Kellogg representative told Business Insider in an email soon after Stanton pled guilty in November.

It is unclear what prompted Stanton to urinate on the line and to later share the video, the Associated Press reported. However, the incident needs to be understood in the context of why urinating on production lines has become a major issue at factories.



## ***CRAIN'S DETROIT BUSINESS: Kellogg's Pop-Tarts to air its first Super Bowl commercial***

*Jeanine Poggi*

Pop-Tarts will air its first Super Bowl commercial as it looks to position the breakfast pastry as a game-day snack.


The brand under Battle Creek-based The Kellogg Co. worked with New York-based creative agency MRY on the 30-second spot, which will run right before the two-minute warning in the first half of the NFL championship game.

"As a beloved brand known for bold marketing, the big game provides an opportunity for Pop-Tarts to share our story and exciting product portfolio with a massive audience," Philipp Schaffer, senior director of marketing at Pop-Tarts, said in a statement.

"Advertising during the big game is a natural next step for the Pop-Tarts brand, which is always looking for new ways (and craveable flavors) to excite our fans."

Pop-Tarts have been selling well. On Kellogg's third-quarter conference call in late October, Chairman and CEO Steve Cahillane noted that Pop-Tarts consumption growth—AKA the amount people are actually buying from retailers—"remains very strong," bolstered by a newer, smaller "Bites" snack-size version. Pop-Tarts returned to growth in the second half of 2018 and added the Bites line in the first quarter.

Kellogg's has had a Super Bowl presence for the past two years with Pringles. The chip brand made its big-game debut in 2018 with the spot "Wow," which starred comedian Bill Hader stacking various Pringles flavors.



# ***Review: As Brothers Battled, a Giant in Cereals was Born.***

*Jonanthan A. Knee*

The story of an epic lifelong feud between the Kellogg brothers is a compelling yarn and a fascinating window into the genesis of both modern medicine and management.

John Harvey Kellogg, in his day by far the more famous brother and one of America's most beloved physicians, popularized and advanced preventive medicine, health food and the wellness movement.

Will Keith Kellogg, who toiled much of his life in obscurity under the thumb of his abusive older brother, founded two enduring institutions: the Kellogg Company and the W. K. Kellogg Foundation.

When Will finally broke free from his humiliating servitude, the result was decades of litigation and recriminations. The two lived into their 90s, but never reconciled, or fully recovered, from the breach.

"The Kelloggs" is markedly less successful at illuminating the remarkable accomplishments of the bitter and taciturn Will Keith Kellogg once he escaped the suffocating grip of his brother. Mr. Markel correctly points out that "Will's success at selling so many boxes of cornflakes was directly tied to the vast changes simultaneously occurring in the United States in the early 20th century."

The bigger mystery is how Will Kellogg managed to establish such powerful enduring legacies despite a profound management weakness. When Will Kellogg left John Harvey Kellogg's employ, the latter's conglomerate of health farms, publishing businesses and food ventures quickly fell into financial disrepair. Mr. Markel uses this fact as evidence of Will's executive talent.

"The Kelloggs" tells a good story of how an epically dysfunctional family produced two monumentally successful institutions. The story of how those institutions have flourished independently for more than 65 years since the death of their founder is worthy of another book.

# Healthier Cereals Snare a Spot on New York School Menus

*Stephanie Storm*

The New York City public school system has quietly replaced breakfast cereals made by the Kellogg Company, the titan whose name is virtually synonymous with cereal, with those from a small California upstart called Back to the Roots.

But the change also highlights the many hurdles facing small food companies and advocates of better nutrition, years after the federal government started pressing school districts to improve their menus.

Today, the 254,000 students, on average, who eat a free breakfast in city schools are offered two Back to the Roots cereals in addition to three more conventional choices from General Mills, Kellogg and Post Foods.

One 28-gram serving of Back to the Roots Cinnamon Clusters, for instance, has half as much sugar and four-fifths as many calories as the same amount of Kellogg's Frosted Mini-Wheats, which are still offered in New York schools. The Kellogg product is made of five ingredients, including the preservative butylated hydroxytoluene and gelatin, and has eight added vitamins. The Back to the Roots cereal has just four ingredients, no preservatives and no added vitamins; it is certified organic, and organic vitamins are hard to find.

"Breakfast is really important to us, and we're trying to get our menu to where we want it to be," said Mr. Goldstein of the school district, where all 1.1 million students are eligible for free breakfasts. "In the world we live in, though, there are so many constraints, so being able to offer Back to the Roots cereals for us is like a breath of fresh air."

Back to the Roots was convinced that its Cocoa Crisps cereal would be a home run, but it wasn't the favorite among the students. They liked Purple Corn Flakes best. "The milk turns purple, and kids love that," Mr. Goldstein said.

Nikhil Arora, the other founder of Back to the Roots, said the company was working with the school system to create cereals to replace some of the mainstream ones that remain in the schools. (In addition to Back to the Roots Cinnamon Clusters and Purple Corn Flakes, the district's breakfast menu for March features Multi Grain Cheerios from General Mills; Frosted Mini-Wheats and Cinnamon Flakes from Kellogg; and a raisin bran from Post Foods.)

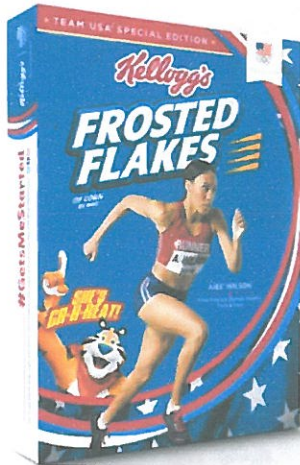


# Media Presence

---

## Advertising Analysis

Kellogg's uses a mix of demographic, geographic and psychographic segmentation to market its 1600 products in around 180 countries around the world.



Kellogg's is successful in creating awareness in developed economies. It is the world's largest cereal maker by sales, which spends more than \$1 billion annually on brand advertising and marketing and is an official sponsor of the U.S. Olympic and Paralympic Teams.

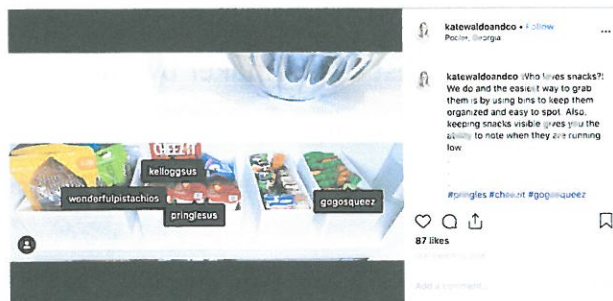


Kellogg's makes its products available to the end customers through different channels such as its distributors, own sales force, convenience stores, e-commerce sites and chain of supermarkets such as Walmart, Tesco, big bazaar, 99 stores, etc.

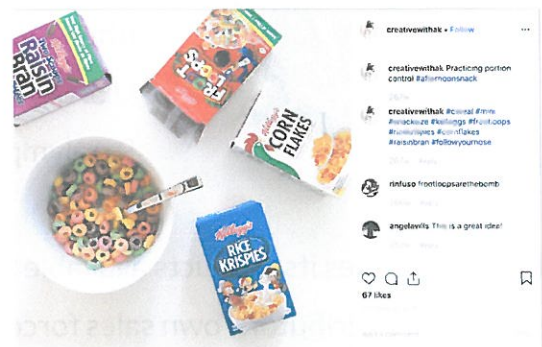
Recently, Kellogg's has put a great emphasis on promoting their brand through various social media platforms. Kellogg's believes it has hit on the right formula for using customer feedback on social platforms to inform its product road map and marketing. The company mainly utilizes Twitter and Youtube to advertise their brand.

For the launch of the white-chocolate variant of its Coco Pops brand in June of 2019, the advertiser decided it didn't need thousands of website visitors, a relationship with the editors at national newspapers or even an email list to get the product in front of its target audience. All it needed was a tweet from 2016. The topic blew up on Twitter and the promotion of the product was very successful.

Kellogg's gets help advertising their products from consumers through social media, such as Instagram and Twitter when they post the food they enjoy eating.

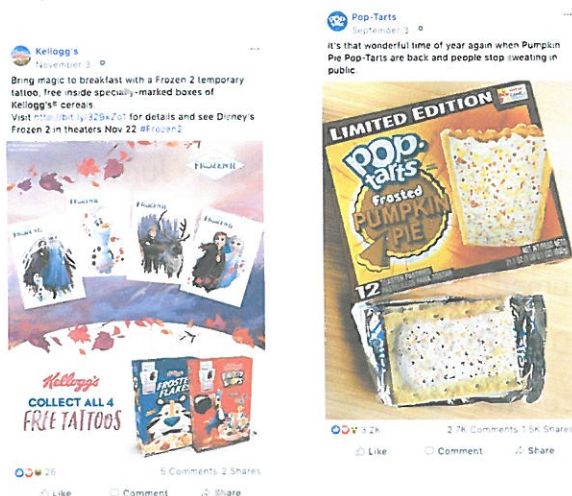


Tweets Tweets &amp; replies Media



## Other Platforms

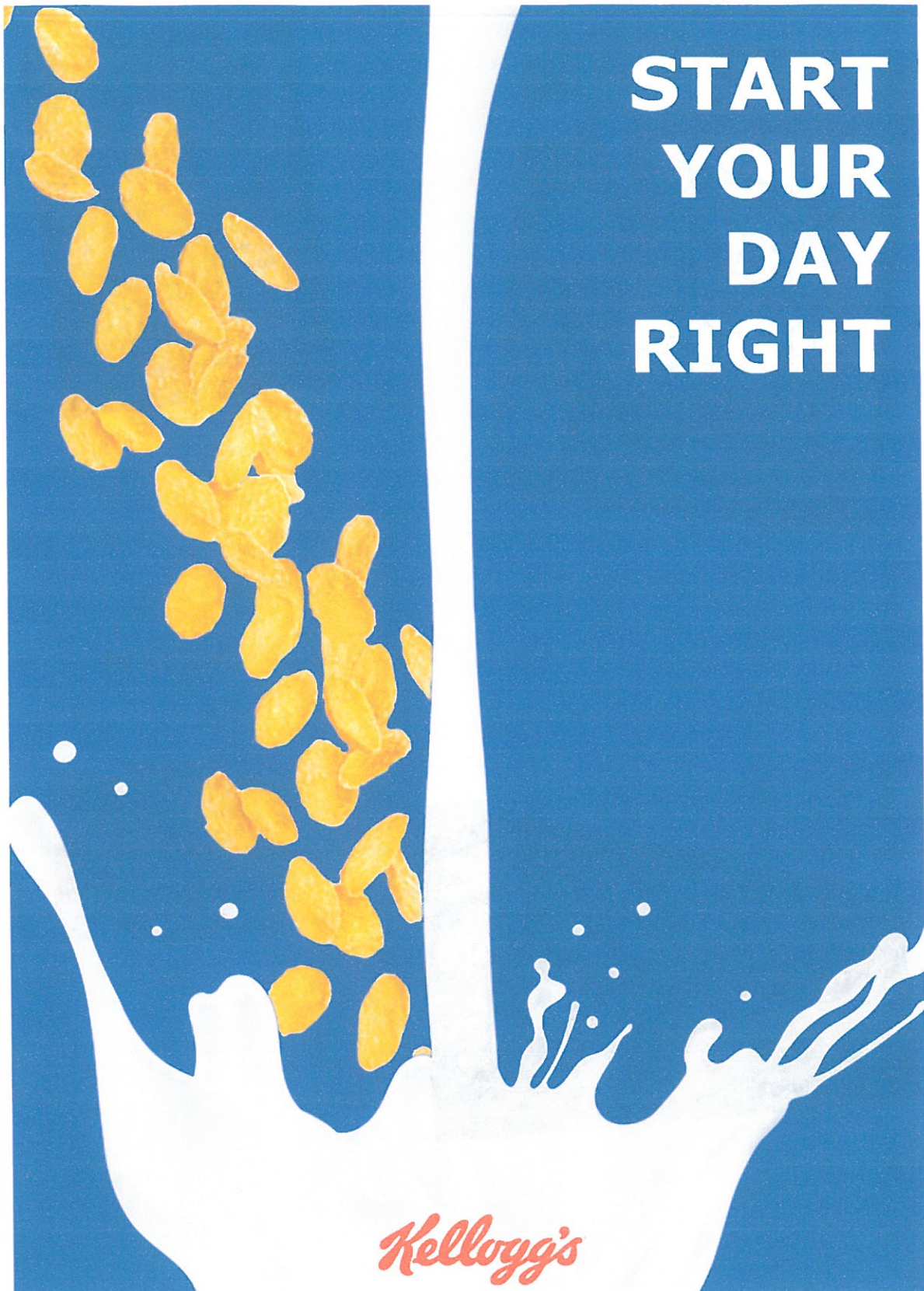
Kellogg's advertisement on social media, such as facebook using what is trending during that time period.



# Advertisements Found in Magazines

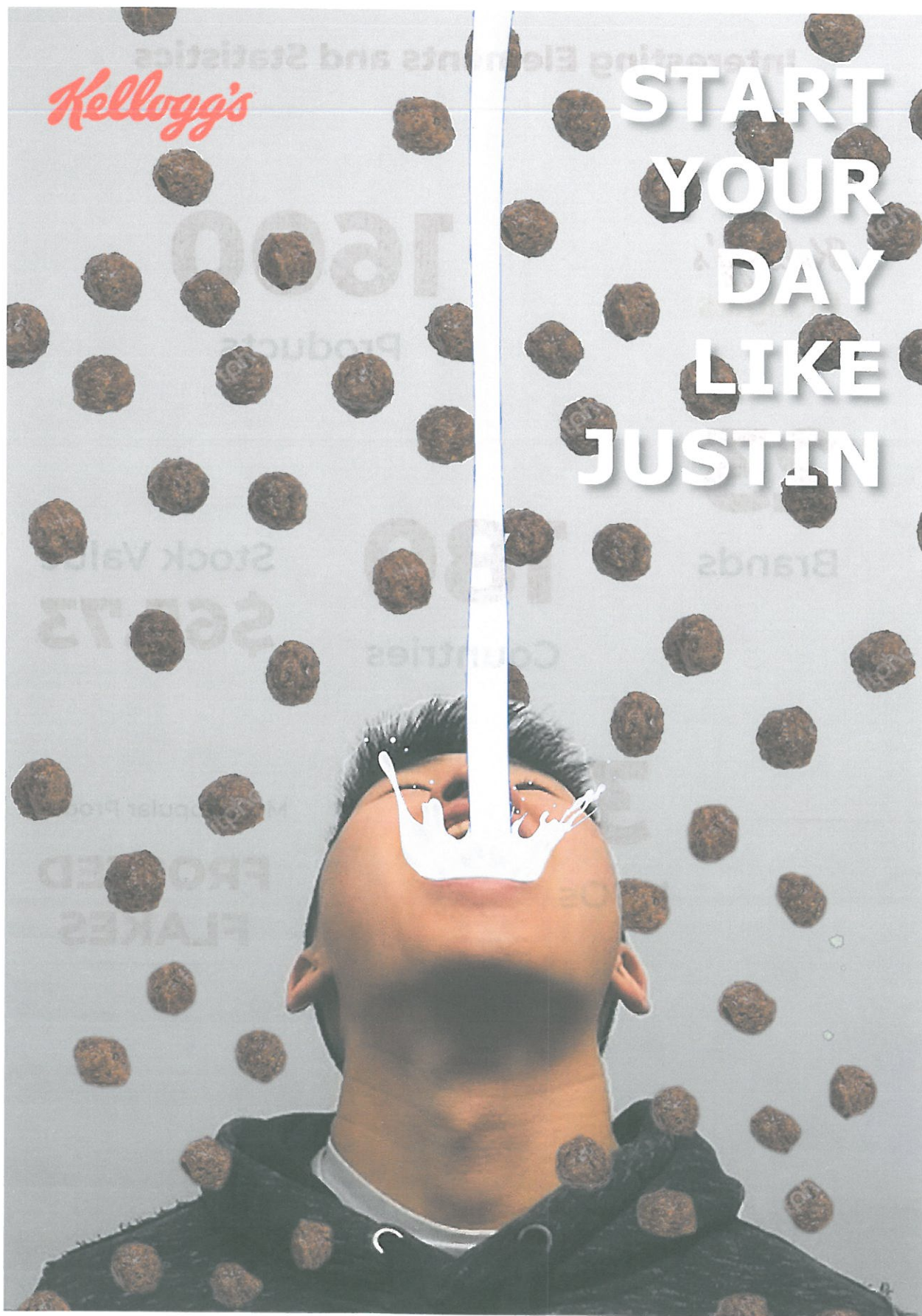


## Proposal for Future Advertisements



*Kellogg's*

START  
YOUR  
DAY  
LIKE  
JUSTIN



## Interesting Elements and Statistics

*Kellogg's*  
Pringles

**1600**

Products

**23**

Brands

**180**

Countries

Stock Value

**\$65.73**

**3**

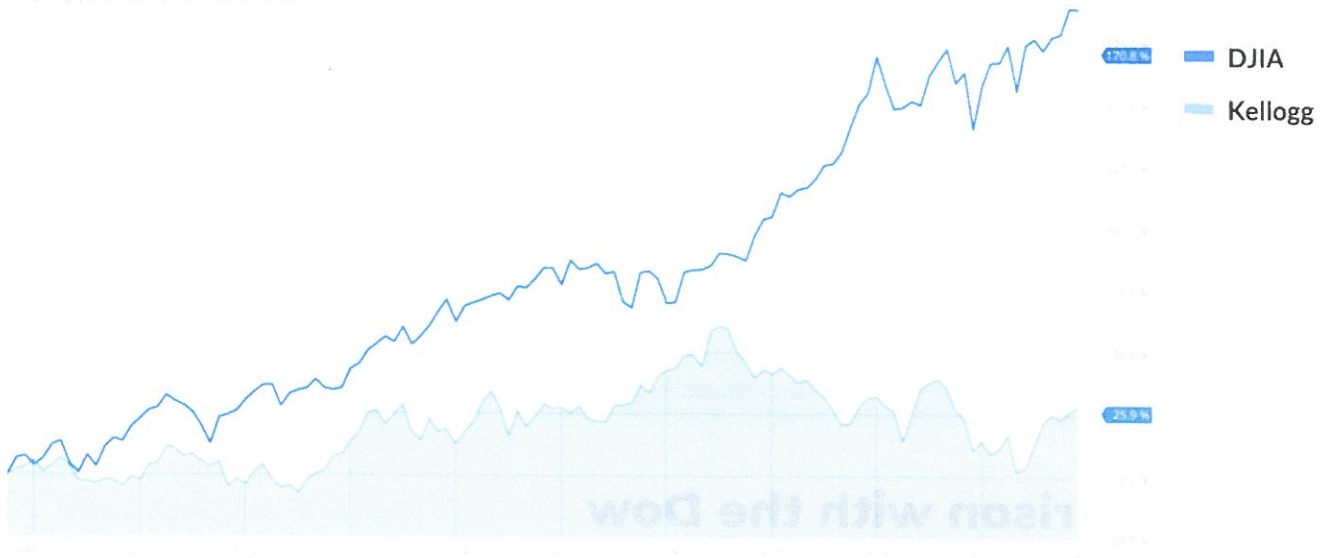
NPOs

Most Popular Product

**FROSTED  
FLAKES**

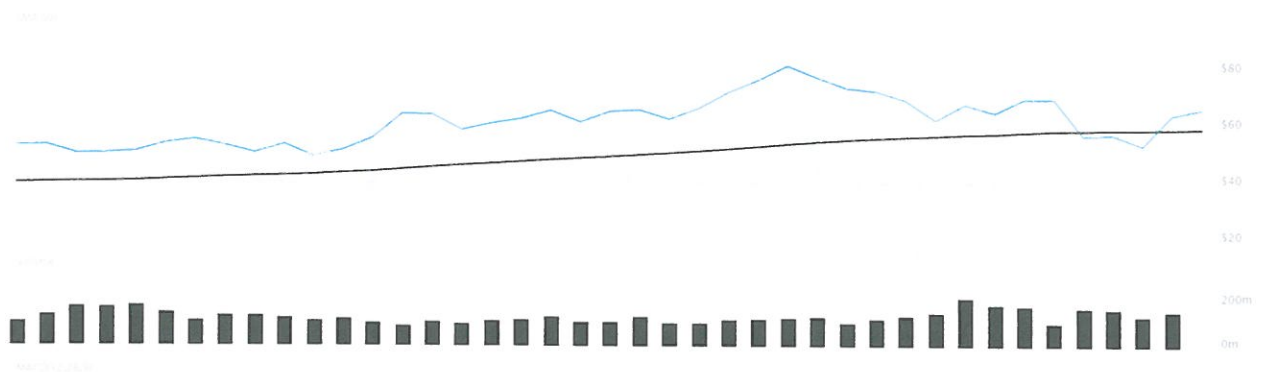
# Market Performance

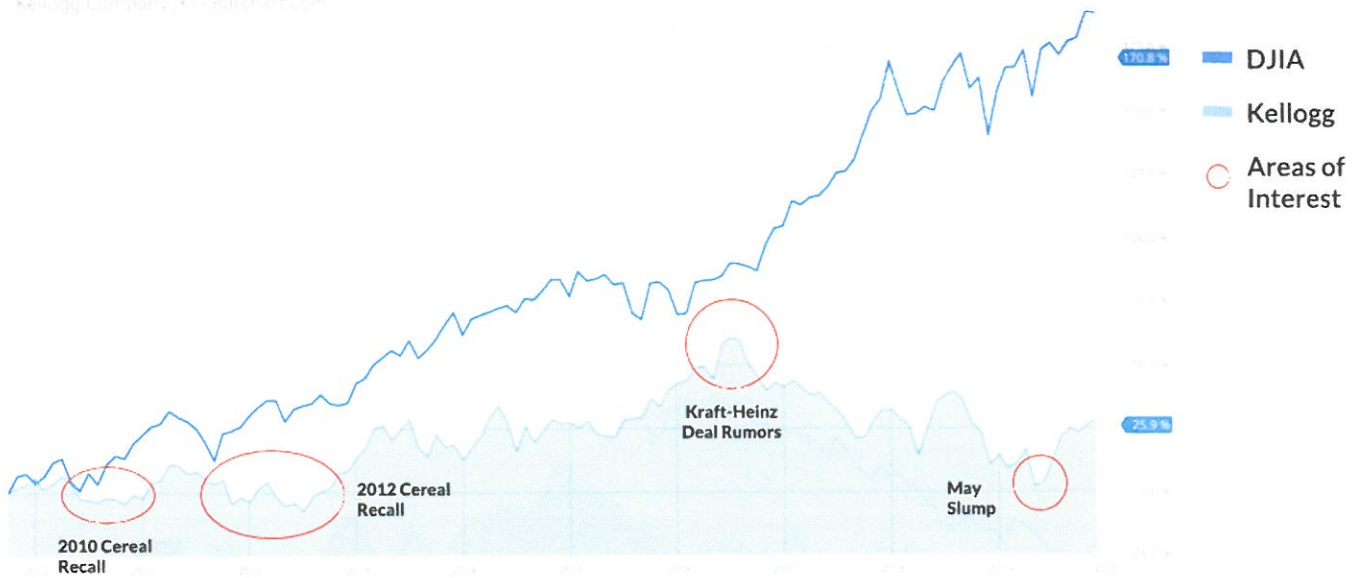
Kellogg Company, X:1 - Barchart.com



## Overview

Over the past 10 years, shares of the Kellogg Company have experienced mixed growth, with an overall growth of 21.68% since December 2009. From early 2010 to mid-2012, shares largely remained stagnant, hitting a slump of -12.45% in July 2012. The company then experienced a 4 year period of growth, peaking at 51.98% in July 2016. This period of growth was punctuated. Following this period of growth, the stock has been steadily declining, hitting a slump of -3.42% in May 2019. The share price has since begun recovering, leaving it at the aforementioned 21.68% growth in December 2019.





## Comparison with the Dow

From July 2010 to January 2011, the Kellogg Company share prices growth began stalling while the Dow continued to grow. This can be attributed to new advertising restrictions being placed upon Kellogg after an FTC investigation into the company's claims that Rice Krispies cereal had benefits for children's immune health and an unrelated recall of around 28 million combined boxes of various brands of cereal due to the cereal exuding a strange odor. Another stagnation in share price also occurred in 2012 due to another cereal recall of 2.8 million boxes of unfrosted and Frosted Mini-Wheats.

[FTC Investigation of Ad Claims that Rice Krispies Benefits Children's Immunity Leads to Stronger Order Against Kellogg](#)

[SHARE THIS PAGE](#)

**FOR RELEASE**

June 3, 2010

**TAGS:** Advertising and Marketing | Children

Lending cereal maker Kellogg Company has agreed to new advertising restrictions to resolve a Federal Trade Commission investigation into questionable immunity-related claims for Rice Krispies cereal. This is the second time in the last year that the FTC has taken action against the company.

## Kellogg's Recalls 28 Million Boxes of Cereal

By [Dan Flynn](#) on June 26, 2010

Some of its most popular breakfast cereals have flunked Kellogg's taste and smell tests, prompting it to voluntarily issue a recall of up to 28 million boxes of the involved brands.

The growth rates of the Dow and Kellogg shares continued to pull apart from mid-2016 to mid-2019, as Kellogg share prices began declining over that 3 year period as the Dow continued to grow. The initial downturn in 2016 is attributed to rumors of a deal with Kraft-Heinz dissipating. The further decline in future years, however, can largely be blamed on consumers becoming more health-conscious, and therefore their tastes have gravitated more toward natural, organic foods and breakfast cereal alternatives, such as quinoa or oatmeal. In response to these consumer shifts, Kellogg has begun incorporating healthier and more organic ingredients into their cereals and snacks. However, this has also led to drastically increased production costs, with retail prices soon following suit and contributing to further decline in Kellogg shares. The final slump in May 2019 was due to the Kellogg company reporting a 36.5% decline in sales during their first quarter.

BUSINESS NEWS MAY 2, 2019 / 5:38 AM / 7 MONTHS AGO

## Kellogg to replace CFO, earnings dive 36.5 percent; shares drop

Richa Naidu

3 MIN READ

CHICAGO (Reuters) - Kellogg Co said on Thursday it will replace its chief financial officer, and the breakfast foods and snacks maker reported a 36.5 percent decline in first-quarter earnings, citing a strong U.S. dollar and higher costs.

## Future Outlook

Despite the bleak state of the industry, things are looking up for Kellogg in the near future. Kellogg has adopted a new financial strategy and business model in order to adapt and stay relevant within the everchanging packaged foods industry. One new measure is the adoption of an aggressive cost-cutting strategy in the cereal production process, production costs have gradually gone down over the years. Kellogg is also seeking to expand into the healthy foods industry, having acquired in 2017 the RXBAR, the fastest-growing nutrition bar brand in the United States. They are also exploring new revenue sources within the snack industry, including revitalizing old fruit snack brands.

The Founders of RXBar, Acquired by Kellogg for \$600 Million, Built the Company by 'Having a Bias Toward Action'



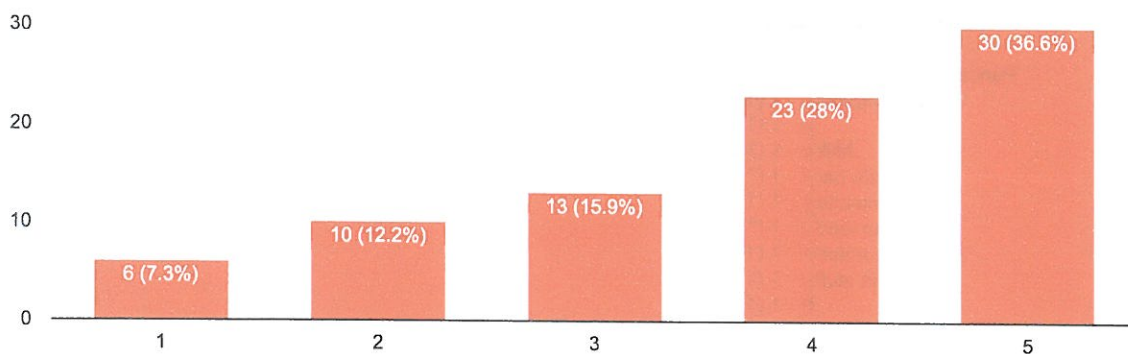
As a result of these shifts, the Kellogg Company has been able to partially recover from its severe financial crisis earlier this year in May 2019, and sales have even improved by a modest amount this last third quarter. The Kellogg company has also been able to achieve stability, achieving organic growth of 1-2% in this last quarter, in a time when the company's profits have been expected to continue falling. If the Kellogg Company keeps going in this current direction and maintains stability, the company can be expected to be an excellent investment for the long term.

# Focus Groups

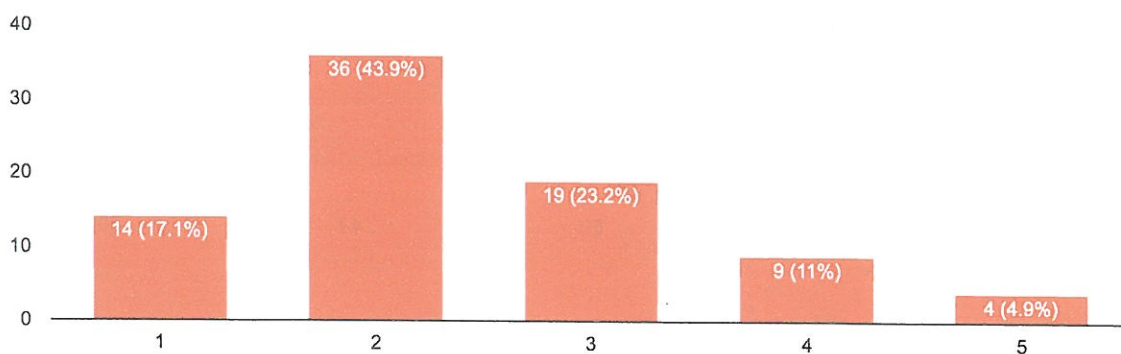
## Analysis

In this current year, we decided to ask over 80 individuals with a wide range of ages about how they feel about the Kellogg's company. Through this online survey, we asked several questions as listed below, which allows us to better understand the consumers of Kellogg's products. We learned that although not everyone eats cereal every day, they ate these Kellogg's products at least once in their lifetime, and if not, have at least recognize and are familiar with the logo of the product.

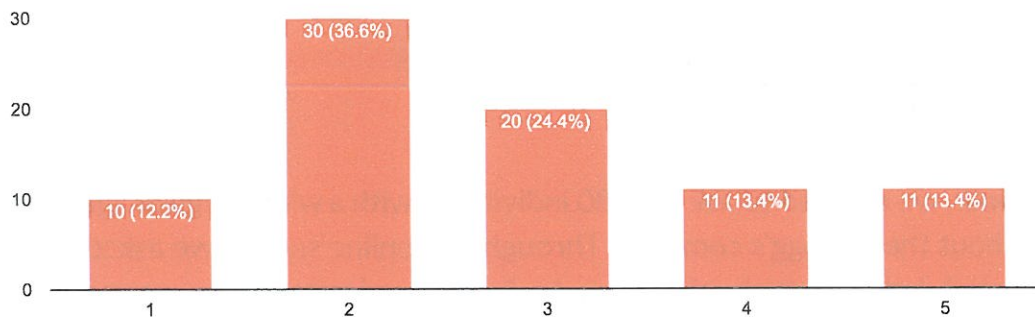
How often do you eat breakfast?



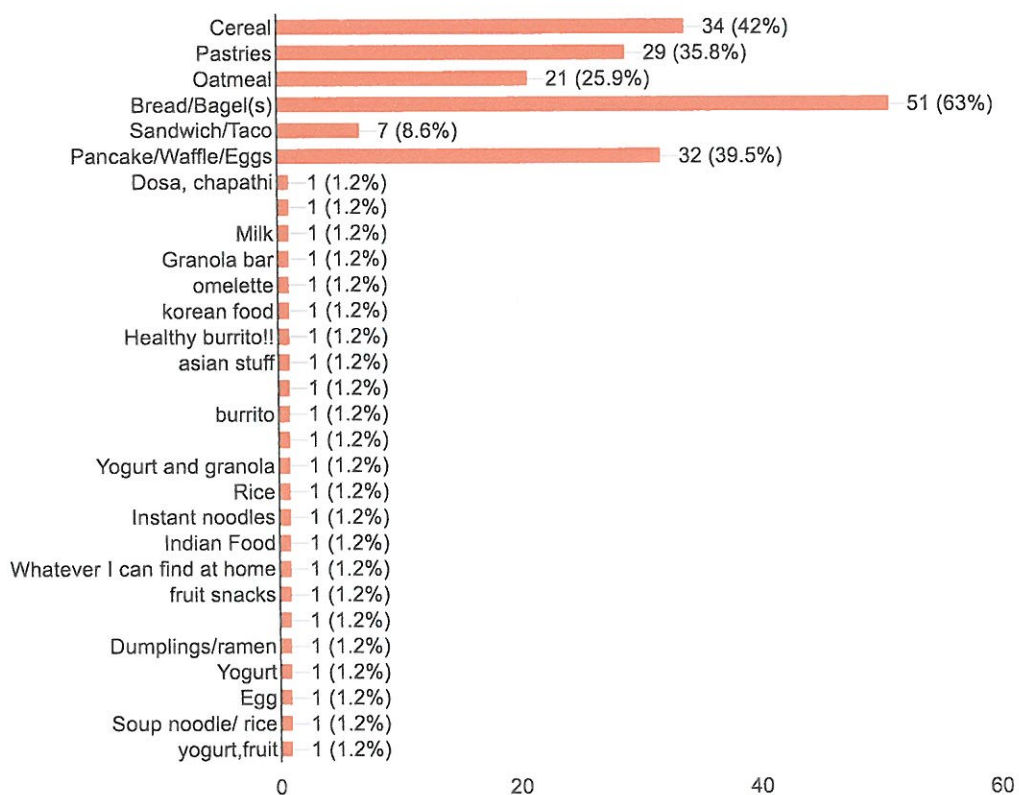
How often do you eat cereal?



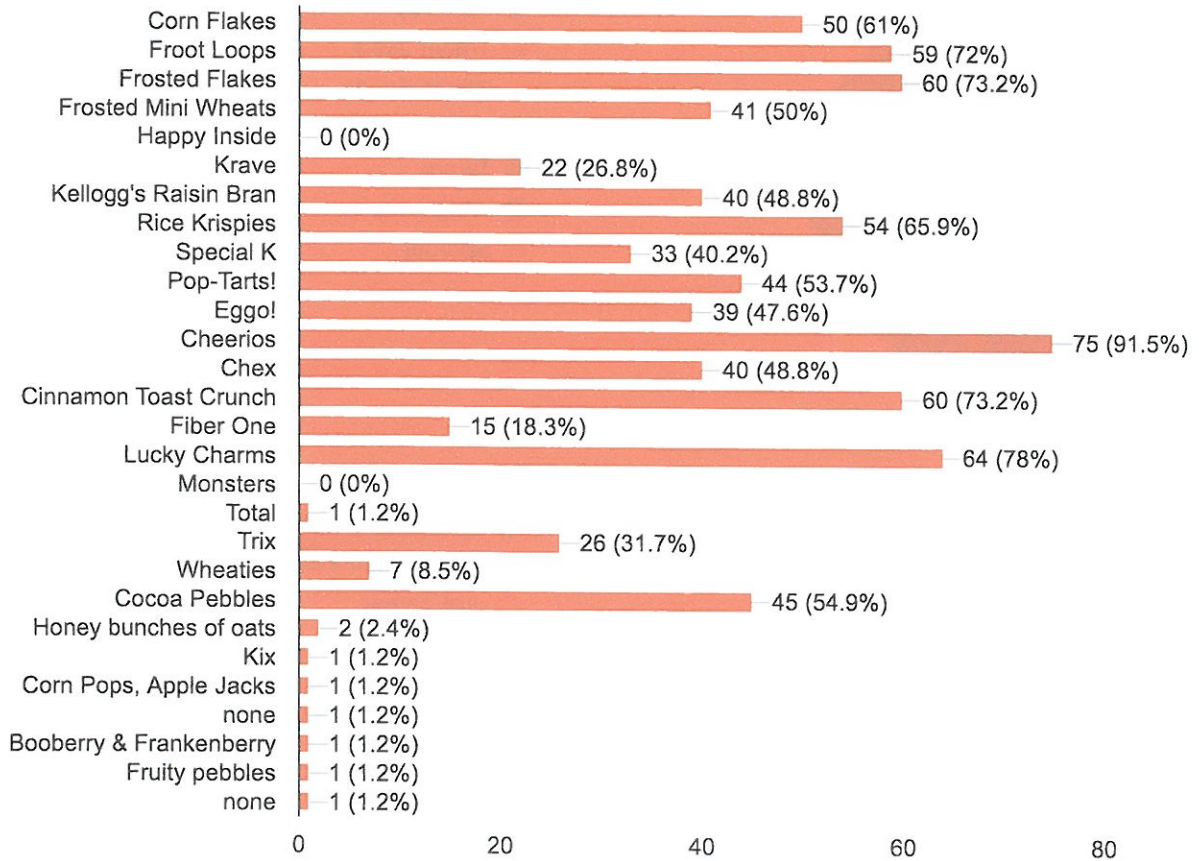
How often do you or your family buy cereal?



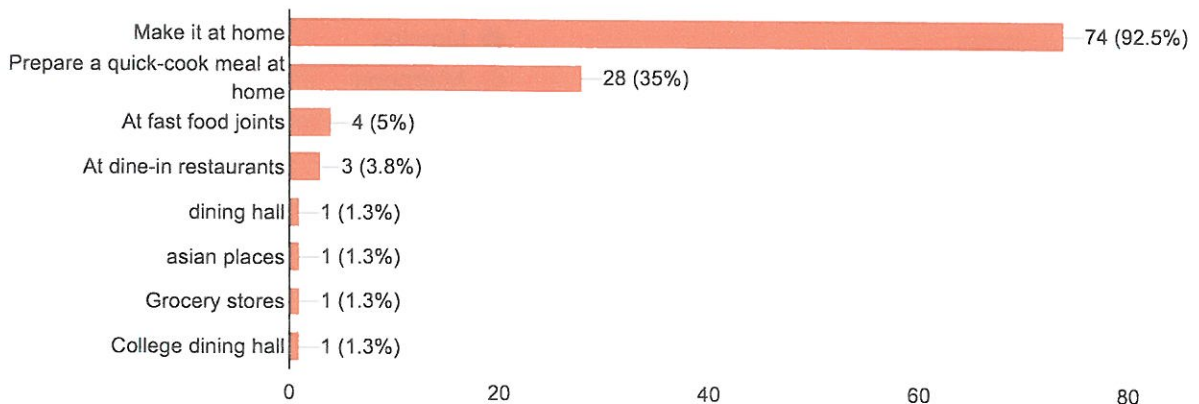
Which of the following do you regularly eat for breakfast?



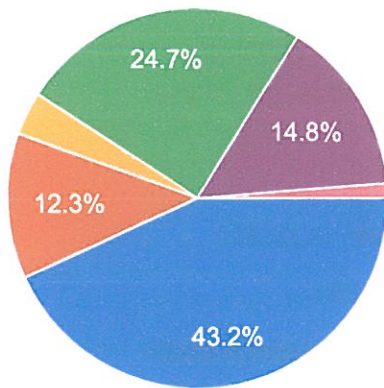
## Which of the following have you eaten before?



## Where do you get breakfast?

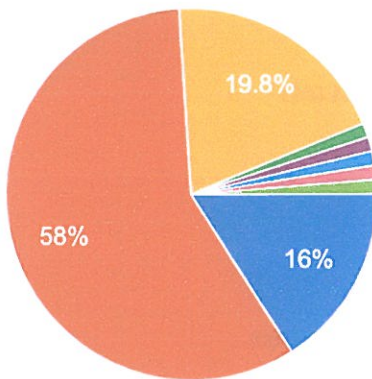


Where do you usually buy your cereal?



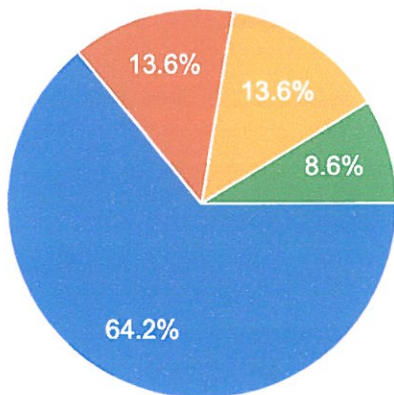
- Safeway
- Trader Joe's
- Whole Foods
- Costco
- Target
- Walgreens
- Sprouts

How do you eat your cereal?



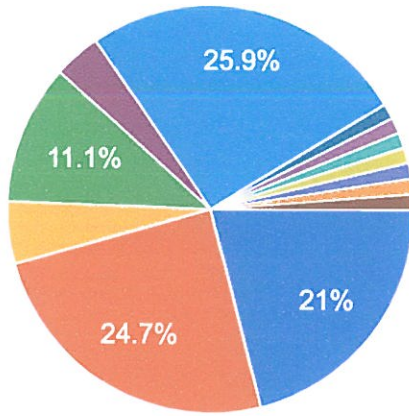
- Milk, then cereal
- Cereal, then milk
- Just cereal
- Together
- none
- Spoon first smh
- As a meal: milk, then cereal. As a snack: dry cereal
- i don't eat cereal

What time of day do you eat your cereal?



- Morning
- Afternoon
- Evening
- Never

What one of these snacks/breakfast products is your favorite?



- Eggo Waffles
- Cheez-Its
- Rice Krispy Treats
- Fruity Snacks
- Pop Tarts
- Pringles
- Austin Cheese Crackers
- Special K Protein Bar

